

Individual Development Accounts IDA020 Program Overview

August 11, 2020

IDA PROGRAM SUMMARY

The Individual Development Accounts Program, or IDA, helps low income families achieve a greater level of self sufficiency and economic stability through the **purchase of assets**.

Indiana's asset development program was enacted through state legislation in 1997.

The federal program (AFI) was developed in 1998, allowing Indiana to combine state and federal resources for matching funds. That program ended in 2016.

IDA PROGRAM SUMMARY

Assets have been defined as:

1. Acquiring Education or Job Training
2. Building or Expanding a Business
3. Purchasing a Home
4. Repairing a Home
5. Purchasing a motor vehicle for the purpose of education, job training, or employment

How does the program work?

- A household must be at or below 200% of the federal poverty level.
- Participant must have earned income and demonstrate the ability to save at least their savings goal each month/quarter.
- The participant saves ~\$500 per year and is matched 3:1 with \$1,500 in state resources. Participant will save \$1,500 and be matched \$4,500.
- Each participant completes financial literacy and asset goal specific training.

I have a finalized agreement – now what?

IDA AGREEMENT, MANUAL & GUIDANCE

All IDA Administrators receive an IDA Program Participation Agreement from IHCD A to manage the IDA accounts.

“Any inconsistency or ambiguity ... shall be resolved by giving precedence in the following manner: (1) this Agreement (2) the Program Manual (3) the CDC’s application” + Guidance + any other website resources

Check out IHCD A’s website and Teams for updated resources

If you look through all those and can’t find an answer to a question, email us at ida@ihcda.in.gov.

If your question is related to claims and/or IHCD AOnline, email claims@ihcda.in.gov

BANKING PARTNER

Financial Institutions have a central role in the program:

- Work with agency staff
- Work with participants
- Oversee accounts
- Sometimes provide financial education

You should have identified your banking partner in your application. We will reach out to you to confirm their information, then send the MOA to them directly for e-signature.

Once the agreement is finalized, you and your banking contact will automatically receive a copy.

We will be taking more care to track banking contact information moving forward. Please help us keep that up-to-date.

BANKING INSTITUTION MOA

To become a participating IDA Financial Institution, each institution must complete a Memorandum of Agreement (MOA) with IHCDA with a 4-year term.

If a financial institution works with multiple IDA Administrators, only one MOA is required. Each partner is listed on the document, check all that apply.

Makes it easier for IHCDA to step in if there is an issue with accounts.

See manual for information about working with multiple banks

ADMINISTRATOR ACCOUNT STRUCTURE

Each administrator also needs to have two accounts: one to receive administrative claims and one to hold match claims. The two funding types should NEVER mix.

The administrative account can be one already set-up at the financial institution and/or one already receiving other types of IHCDA funds

The holding account for match claims keeps IHCDA from having to collect account information for each participant and allows claims to be for more than one participant.

Once the funding from a match claim hits the holding account, it should be dispersed to the relevant participant match accounts by the bank using a list provided by the administrator.

IHCDAONLINE

To create and submit claims for administrative and match funds, IHCDA requires IDA Administrators to utilize IHCDAOnline:

<https://online.ihcda.in.gov/>

New IDA agency program administrators or administrator staff must be granted access to the system by IHCDA Financial Operations staff. See “IDA Guide to IHCDAOnline” on IDA webpage and “Partner’s Guide to IHCDAOnline” on IHCDAOnline website.

Any issues or questions related to IHCDAOnline should be sent to claims@ihcda.in.gov. IDA program staff will not be able to assist.

OUTCOME TRACKER

Outcome Tracker by VistaShare is the cloud-based client management software used to assist IDA Administrators with case management.

It is critical that all data be both complete and current for reporting purposes.

The U.S. system can be found at www.vistashare.com.

Each new IDA agency program administrator will need to request an account be created by IHCDA so you will have access to the system.

Outcome Tracker **MUST** be used for each IDA participant, from intake to education, asset purchase to closeout.

I am all set-up and I have a few interested clients – what's next?

FIRST STEPS FOR A PROSPECTIVE PARTICIPANT

1. Accept a complete application
 - There are several components – application is not complete until all are addressed, and turned in within 30 days
2. Determine Eligibility
 - Point – in – time: once they're considered eligible and accepted into the program, they won't need to update any of their information other than residency
 - Determination must be made within 7 days of receiving application: eligible, waitlist, denied, ineligible
3. Approve Applicant
 - Savings Plan Agreement
4. Account Set-up
 - Savings + match
5. Plan training

PARTICIPANT ELIGIBILITY

At the time of application, an eligible prospective participant must meet the following requirements:

- Household income must be at 200% or below the Federal Poverty Level (using the most recent federal guidelines)
- Have earned annual income
- Be a resident of the state of Indiana w/ a Social Security Number
- Never had an IDA before (household, not just participant)
- Meet any additional requirements required by the IDA Administrator

HOUSEHOLD INCOME LIMITS

See manual for what constitutes a household and how to calculate income using the Income Calculation Worksheet

Keep an eye out for updated income limits – always use most recent ones!

2020		Maximum Household Income Allowed (200% FPG)		
Household Size	100% Poverty Guidelines	Annually	Monthly	Bi-Weekly
1	\$12,760	\$25,520	\$2,126.67	\$981.54
2	\$17,240	\$34,480	\$2,873.33	\$1,326.15
3	\$21,720	\$43,440	\$3,620.00	\$1,670.77
4	\$26,200	\$52,400	\$4,366.67	\$2,015.38
5	\$30,680	\$61,360	\$5,113.33	\$2,360.00
6	\$35,160	\$70,320	\$5,860.00	\$2,704.62
7	\$39,640	\$79,280	\$6,606.67	\$3,049.23
8	\$44,120	\$88,240	\$7,353.33	\$3,393.85
For each additional person over 8 add:	\$4,480	\$8,960		

EARNED INCOME

Earned Income, as defined by the Internal Revenue Service (IRS), is “all income from employment, but only if it is includable in gross income.”

Earned income generally includes all taxable income which individuals receive from working--income that is not taxable generally does not count as earned income.

We provide examples of income that count as “earned” and examples of types that do not count in the manual.

- Just because an applicant has some form of unearned income does not make them ineligible for the program
- They just can't have *only* unearned income

APPLICATION MATERIALS

Applicants who wish to have their IDA application accepted for review must also submit the following (see manual for specific requirements)

- Income documentation for entire household
 - Household Member Zero Income Affidavit if applicable
 - Use Income Calculation Worksheet
- Documentation validating state residency
- Documentation showing Social Security Number
- No Previous IDA Account Affidavit
- Credit Score
 - Helps with eligibility AND to compare to score at the end of program

Check COVID guidance for updates!!!!!!!!!!!!!!

ELIGIBILITY VS. READINESS

IDA Administrators must take the time to assess the true readiness of the prospective participant, not just eligibility

Some questions to consider:

- Long-term goals?
- A clear asset purchase in mind?
- Stable employment?
- Desire and willingness to successfully complete required training?

Use judgement and Applicant Readiness Assessment Tool in Appendix

Remember: they lose eligibility for the future if they leave part-way through the program

NOTIFICATION

The IDA Administrator must provide written notification of approval or denial within seven (7) days of receiving a completed application.

That notification must tell the applicant one of the following:

- The participant is eligible and can start in the program immediately
- The participant is eligible but must be put on a waiting list
- The participant is eligible but the administrator has denied their application (reasons why must be included)
- The participant is not eligible and cannot participate in the program at this time (reasons why must be included)

WAITLIST & APPEAL

A prospective participant may be placed on the “Wait List” for one of two reasons:

- The agency does not have funding available to support the participant for the project period
- The participant meets most of the eligibility requirements but needs to remove barriers that will impede successful completion of the program

If on a waitlist for more than 6 months, the applicant must resubmit income and credit score again

If denied, an applicant can appeal following the process in the manual

APPROVAL: SAVINGS PLAN AGREEMENT

Each approved IDA participant must complete a Savings Plan Agreement that will outline the IDA participants and IDA Administrators' roles and responsibilities.

The SPA must be signed before a participant opens the IDA and is a mandatory part of the IDA program.

The IDA participant should receive a copy of his/her SPA upon execution.

How do participant accounts work?

PARTICIPANT ACCOUNT STRUCTURE

IDAs are set up through parallel custodial accounts

- Savings: Participant Money Only
- Match: State Funds

Accounts are jointly owned by the IDA participant and the IDA Administrator.

- As a custodial account, the IDA participant will have no direct access to the personal savings or matching funds other than his or her deposits
- All other transactions must be coordinated/approved through the IDA administrator via the Account Withdrawal Form

DEPOSITS

Each IDA participant is encouraged to make regularly scheduled (consistent) deposits into his or her personal savings account after their initial \$25+ opening deposit.

Deposits can be made via direct deposit from an employer, regular electronic deposits from another account, or deposits made at a bank branch.

Participants will not have access to ATM bank cards, online banking or telephone banking features.

DEPOSIT & MATCH

<u>EXAMPLE</u>	Participant Savings	State Match	Total
Year 1	\$500	\$1,500	\$2,000
Year 2	\$500	\$1,500	\$2,000
Year 3	\$500	\$1,500	\$2,000
Total	\$1,500	\$4,500	\$6,000

According to state legislation, IHCD cannot provide more than \$2,400 in match to one participant per year.

While participants can save more than \$800 in a single year, any amount above that will be matched the following year

MATCHING CLAIMS SCHEDULE

IDA Administrators are required to submit match claims in IHCDOnline **at least** quarterly, based on participant deposits.

- Claims should NOT wait until the full amount has been saved NOR until the participant needs the funds

Match claims should be made according to the following schedule.

Quarter

July 1 to September 30

October 1 to December 31

January 1 to March 31

April 1 to June 30

Claim Due Date

October 31

January 31

April 30

July 31

How do I make a claim?

MATCH CLAIMS

For matching claims the Match Claims Tool should be uploaded showing:

- Participants related to the claim
- The amount they've deposited since the last claim they were on
- The amount in match they are receiving
- Extra: documentation showing deposits

ADMINISTRATIVE BUDGETS

The general administrative budget is not tied to match funds.

- \$500 per account awarded

IDA Administrators are eligible to use the entire admin budget, even if the IDA Administrators do not use all of the match funds.

New this year: \$250 tied to participant success

- **\$150 when a participant makes their first purchase**
- **\$100 when a participant graduates**

ADMINISTRATIVE CLAIMS

For general administrative claims, make sure to have the following supporting documentation:

- Invoices
- General Ledgers
- Payroll
- Receipts

IDA Administrators must submit expenses as a claim within 45 days of the occurrence.

First purchase (\$150) documentation = Asset Purchase
Withdrawal Form

ADMINISTRATIVE CLAIMS

For Asset Purchase claims (\$150), use Asset Withdrawal Form as supporting documentation

- First purchase should be checked
- Can only claim \$150 once per participant

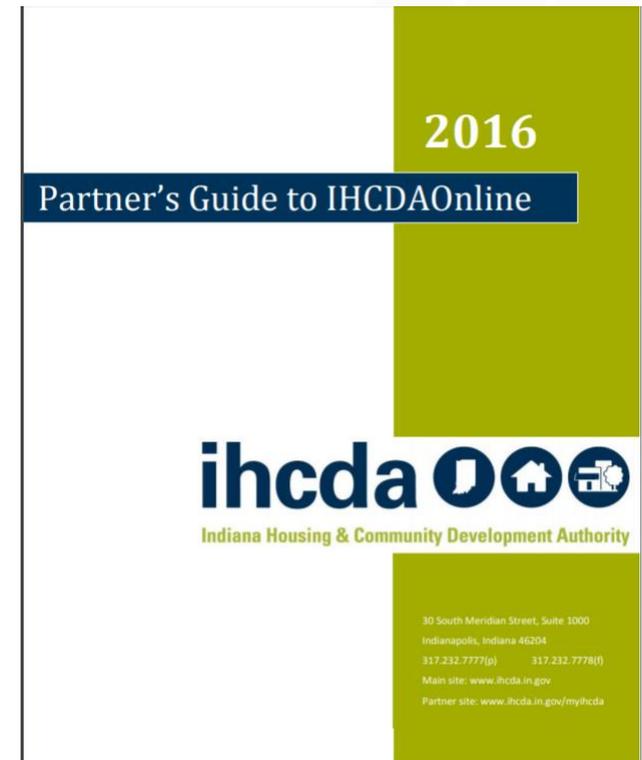
For Participant Graduation claims (\$100), use Account Closeout form as supporting documentation

- Check that participant has successfully graduated
- Show that the participant used at least \$4,200 in match
- Can only claim \$100 once per participant

RESOURCES

Partner's Guide to IHCDAOnline:
<https://online.ihcda.in.gov/AuthorityOnline/Links.htm>

IDA Guide to IHCDAOnline on IDA
webpage



How do withdrawals work?

FINANCIAL EDUCATION TRAINING

IDA participants are required to complete some form of core Financial Education training.

IHCDA has not mandated a specific financial education that IDA Administrators must use

Participants cannot make any withdrawals until this training is completed.

Training must be completed within first year of program participation

ASSET SPECIFIC TRAINING

In addition to basic financial education, each IDA participant is required to complete asset-goal specific training

This training must occur before the first withdrawal and must be completed within one year of opening an IDA.

See manual for recommended topics for each purchase type

ACCOUNT WITHDRAWALS

Participants can withdrawal funds for an approved asset purchase IF they:

- successfully submitted a program application and all required documentation
- have deposited at least \$25
- completed financial education and asset-specific training
- are in compliance with their Savings Plan Agreement

See Manual page 38 for examples of qualified purchases for each asset type

EXAMPLE WITHDRAWAL

Participant saved \$500 and received \$1,500 in match
(\$2,000 saved total)

Participant has a fall semester tuition due of \$800

Because match rate was 3:1 (25% Personal, 75% IHCD) the funds come as follows

- Personal: \$200
- State Match: \$600
- Total: \$800

WITHDRAWAL STEPS

1. Participant notifies administrator of intent to purchase at least **2-4 weeks before** anticipated purchase date
2. Administrator ensures match requests are up to date
3. Participant gathers necessary documentation for the asset purchase
 - Refer to checklist in Resources folder on website

WITHDRAWAL STEPS

4. Participant schedule appointment with administrator to complete Asset Purchase Withdrawal Form.
 - Participant should bring copies of any bills or invoices

5. Participant makes arrangements with the administrator for the check disbursement to the third-party vendor (not the participant)

6. Participant returns copies of receipts resulting from the asset purchase to be kept in file

EMERGENCY WITHDRAWALS

Emergency withdrawals may be approved at the discretion of the IDA Administrator at the agency

The following are examples of when an emergency withdrawal may be approved:

- To prevent eviction
- To prevent foreclosure on an IDA participant's primary residence
- To pay for medical care expenses or obtain medical care for the IDA participant, his or her spouse, or a dependent of the IDA Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA participant following loss of employment

EMERGENCY WITHDRAWALS

Approved emergency withdrawals may only be made from an IDA participant's personal savings account.

- Match funds may **NOT** be used for unqualified expenses, including emergency withdrawals.

All emergency withdrawals must be repaid within 12 months of the withdrawal date.

Once an emergency withdrawal has been approved, **claims for match funds are prohibited until such time that the emergency withdrawal has been repaid.**

Withdrawal process is similar to normal process

What happens when an account needs to be closed?

ACCOUNT CLOSEOUT: GRADUATE

A **Graduate** has:

- successfully completed the savings plan
- received all applicable match funds
- made all asset purchases
- completed the IDA program by end of agreement term

To close the account, the graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the Graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

ACCOUNT CLOSEOUT: REASSIGNMENT

Grantee organizations have the option to reassign participants from an older IDA grant to a newer one if the organization was awarded in multiple grant years.

An IDA participant must have had a life changing event which alters their life or circumstances in a substantial way.

The agency will be allowed to reassign **one participant** per grant during the term of the grant; exceptions may be made at the discretion of IHCDA

This is a complicated process:

- The match funds must be returned to IHCDA, and then be re-disbursed from the second grant
- The IDA participant must meet/follow guidelines for the second grant
- The empty slot from the original grant must be filled

ACCOUNT CLOSEOUT: NON-GRADUATE

A **Non-Graduate** has been terminated from program participation for one of the following reasons:

- Made an unauthorized withdrawal from the personal savings or match accounts
- Voluntarily terminated participation due to personal circumstances or did not find the IDA program to be a good fit for his/her financial status
- Exceeded the three-year period without using all of the personal/match funds
- Moved out of State

To close the account, the non-graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the non-graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

SENDING BACK FUNDS: REPAYMENT CLAIM

A third-party repayment transaction consists of funds being repaid to the State which were initially paid to a third party on behalf of the grantee. In the event of a third-party repayment, the funds are placed back in the grantee's award budget for reuse.

If you've claimed funds for a participant that later drops out of the program or is reassigned, you'll need to send back those funds as a **Repayment** so you can use them for another participant.

Closeout forms should be uploaded into OnlineIHCDA as supporting documentation for the funds being returned.

SENDING BACK FUNDS: RETURN OF FUNDS CLAIM

A third-party return-of-funds transaction returns funds to the State that was initially paid to a third party on behalf of the grantee. In the event of a third party return of funds, the funds are not returned to the organization's award budget but to the State's overall budget.

If you've claimed funds for a participant that graduates but doesn't use all of their matching funds or if the account needs to be closed because it's the end of the awards term, you'll need to send back those unused funds as a **Return of Funds**.

Closeout forms should be uploaded into OnlineIHCD as supporting documentation for the funds being returned.

RETURN OF FUNDS TO PARTICIPANT

Step 1: The agency needs to fully execute the “IDA Account Close-out Form” that the client must sign

Step 2: The agency sends the ‘IDA Account Close-out Form” to the financial institution so that they can release funds from the participants’ savings account to the participant.

Step 3: The administrator **MUST** update participant financial information in Outcome Tracker

Step 4: Place a copy of the document in the client’s file

RETURN OF FUNDS TO IHCDA

Step 1: The agency sends the ‘IDA Account Close-out Form’ to the financial institution.

Step 2: Enter the claim as a Repayment or Return of Funds in IHCDAOnline for the matched savings account within 5 business days of submitting the close-out form to the financial institution. Make a copy of the IHCDAOnline Claims receipt.

Step 3: Update IHCDA match funds in Outcome Tracker

Step 4: Email a copy of the following documents to IDA@ihcda.in.gov to let us know to expect the check from the bank:

- The Executed “Close-out Form”
- The Claim Receipt

Step 5: Place copy of all documents in the participant’s file.

What else do I need to know?

GRANT CLOSEOUT

No later than forty-five (45) days after the grant agreement expiration date, grant administrators must submit all financial, performance information and other information as required by the terms and conditions their Agreement and the IDA Program Manual.

Purchases must be made!!!!

Accounts must be closed!!!!

REQUIRED REPORTING

It is **vital** that IDA Administrators maintain up-to-date information on all participants in Outcome Tracker.

- This is the main system IHCD A uses to evaluate IDA programs

IHCDA has also been requesting Account Status Reports – those will be replaced with the new Claims Document.

- Important that Claims Tool shows ALL participants, not just those impacted by an individual claim

Quick Manual Explanation

MAJOR CHANGES TO MANUAL

- No hourly requirements for education – all program rounds
- No limit on vehicle purchases
- New \$250 admin fee for participant success
- Allows for presumptive eligibility based on participant in other programs with same or more restrictive eligibility requirements
- Clarifies participants that complete program in two years or less as on an accelerated track
- Expands directions on how to handle beneficiaries

“APPENDIX” BREAKDOWN – WEB PAGE

Required

- IDA Participant Application
- Household Member Zero Income Affidavit
- No Prior IDA Affidavit
- Income Calculation Worksheet for IDA018, IDA019 and IDA020
- IDA Savings Plan Agreement
- IDA Grant Reassignment Affidavit
- Request for Emergency Withdrawal
- Asset Purchase Withdrawal Form
- Account Close Out Form
- Post-Program Survey

Resources

- IDA Training Resources
- Intro to IDA Outcome Tracker Webinar
- IDA One-Pager
- Indiana IDA Program Administrators
- IDA Guide to IHCDOnline
- Additional IDA Resources file

Guidance

- Net Worth and Training
- COVID-19 Response
- Match Accounts and Rates
- Bank Account Structure

Q&A

ida@ihcda.in.gov

<https://www.in.gov/ihcda/4106.htm>